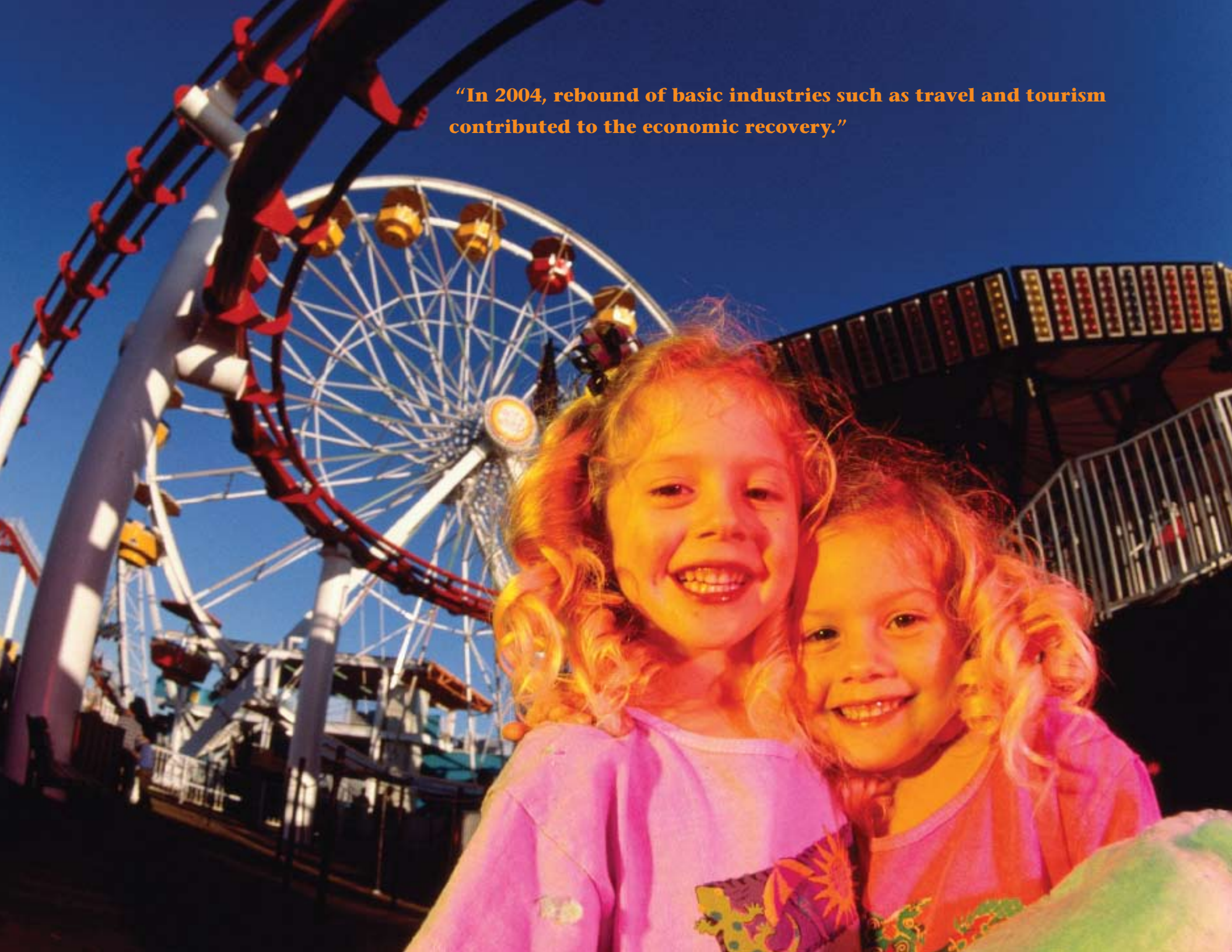


“In 2004, rebound of basic industries such as travel and tourism contributed to the economic recovery.”



THE ECONOMY



Employment

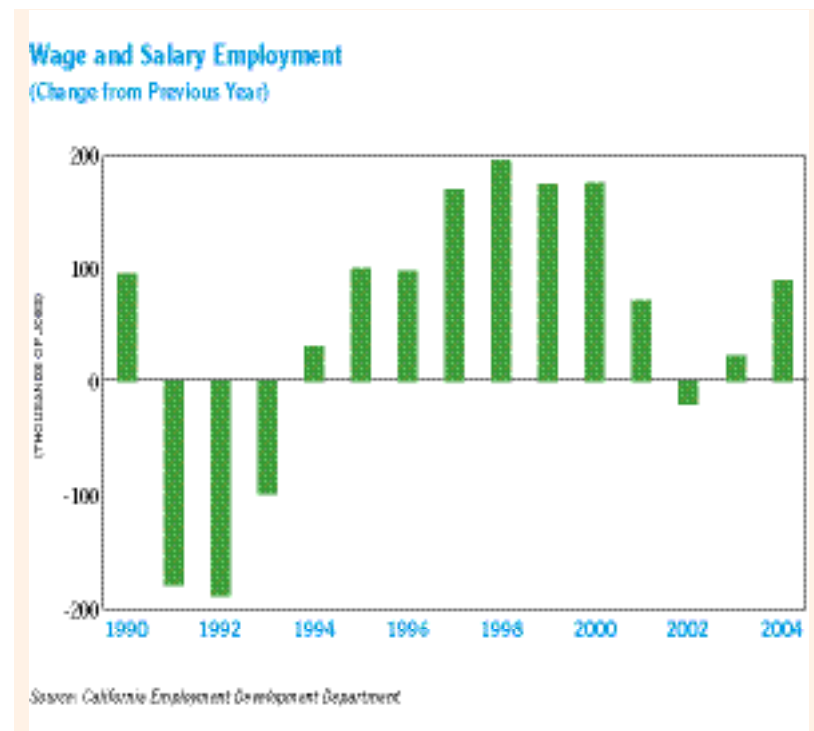
Why is this important?

The number, types and wage level of employment in large part determine our region's economic activities and well-being. Income generated through employment accounts for about 75 percent of the total personal income in the region.¹

How are we doing?

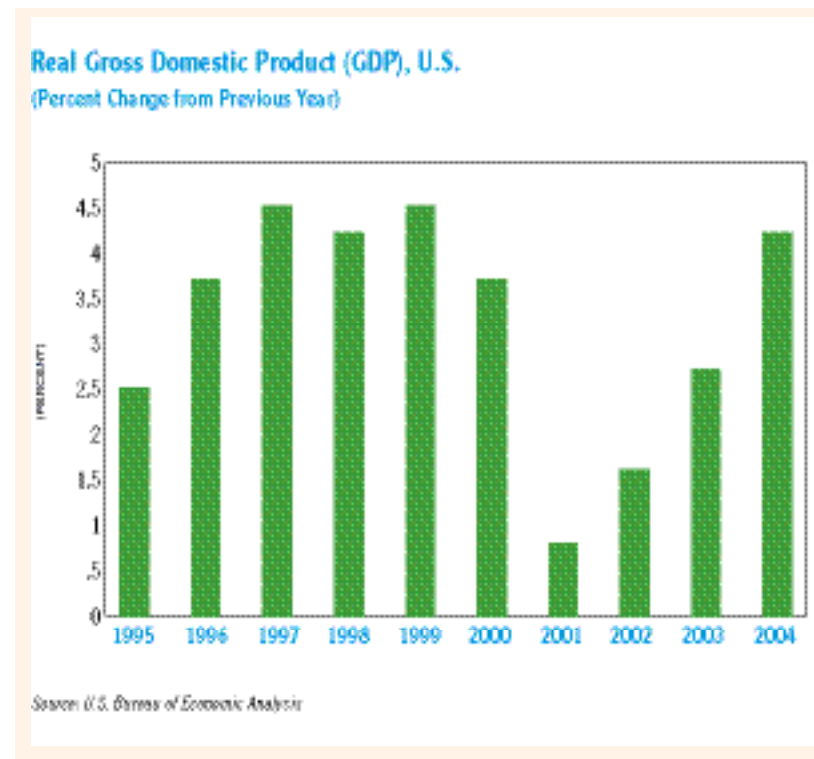
In 2004, the regional job market showed broad-based improvements over the previous year (Figure 12). After gaining only 22,000 jobs (or 0.3 percent) in 2003, total wage and salary jobs in the region increased by almost 90,000 (1.3 percent) during 2004. The increase in 2004 was the highest since 2000 and was comparable to the level in 1995, another year of recovery from the early 1990s recession.

Figure 12



2004 was also the first year since 2001 that job gains took place at the national level. Since the end of 2001, the national economy has continued its expansion mode based on the growth of Real Gross Domestic Product (GDP) (Figure 13). After dropping from 3.7 percent in 2000 to 0.8 percent in 2001, real GDP increased by 1.6 percent in 2002 followed by an increase of 2.7 percent in 2003. *During 2004, real GDP increased by 4.2 percent matching the high-level growth during the late 1990s.*

Figure 13



The increase in real GDP in 2004 was due almost exclusively to sustained growth in consumer spending and a significant increase in private investment which had been declining between 2000 and 2002. Consumer spending continued to increase throughout the recession and recovery. Real consumer spending has increased by more than 3 percent annually since 2001 fueled by the rebound in household wealth from significant increase of home equity. Nationally, household wealth at the end of 2004 was 12 percent higher than it was at the peak of the stock market bubble in 2000. Rising home equity has accounted for about 70 percent of that increase.² As to the private investment in non-residential equipment and software, after declining

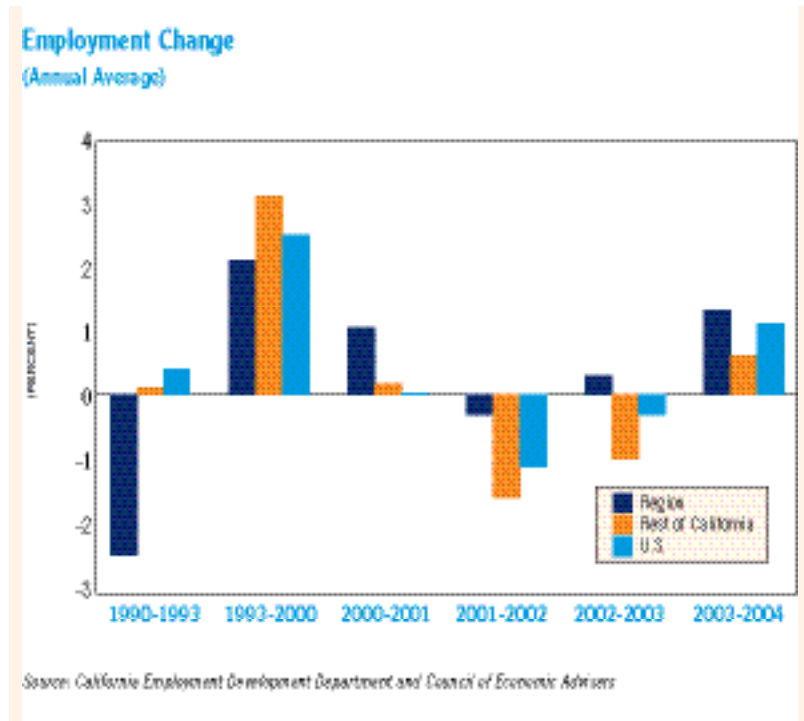
Figure 14

Wage and Salary Employment (Thousands)

COUNTY	1990	2000	2002	2003	2004	2002-2003		2003-2004	
						Number	Percent	Number	Percent
Imperial	41.9	50.4	50.8	51.9	51.2	1.1	2.2%	-0.7	-1.3%
Los Angeles	4,149.5	4,079.8	4,034.6	3,990.8	3,999.7	-43.8	-1.1%	8.9	0.2%
Orange	1,179.0	1,396.5	1,411.0	1,436.2	1,466.9	25.2	1.8%	30.7	2.1%
Riverside/San Bernardino	735.1	1,010.1	1,004.0	1,119.7	1,168.7	35.7	3.3%	49.0	4.4%
Ventura	247.0	294.3	301.0	304.4	306.7	3.4	1.1%	1.3	0.4%
REGION	6,355.5	6,831.1	6,881.4	6,903.8	6,982.2	21.8	0.3%	88.2	1.3%
Rest of California	6,507.9	8,065.6	7,949.1	7,866.7	7,916.9	-82.4	-1.0%	50.2	0.6%
California	12,863.4	14,896.7	14,830.5	14,769.7	14,909.1	-60.8	-0.4%	139.4	0.9%
U.S.	109,403.0	131,785.0	130,341.0	129,999.0	131,480.0	-342.0	-0.3%	1,481.0	1.1%

Source: California Employment Development Department, Council of Economic Advisers

Figure 15



by 11 percent from 2000 to 2002, it increased by 3 percent in 2003 and 12 percent in 2004. Private residential investment also achieved a 10 percent increase in 2004 after an 8 percent increase in 2003. From 2003 to 2004, productivity growth slowed from 4.5 percent to 4 percent. In 2004, with the higher growth rate of real GDP than in 2003, the lower rate of productivity growth further increased the need for job market expansion.

In 2004, the region achieved a higher rate of job growth (1.3 percent) than the rest of the state (0.6 percent) and the nation (1.1 percent) (Figure 14). Between 2000 and 2004, the SCAG region performed better every year in job growth rates relative to the rest of the state, the nation and other large metropolitan regions (Figure 15). All the national trends discussed above also affected the pace of job recovery in Southern California. In addition, housing-related sectors contributed much more significantly to the job growth and economic recovery in the SCAG region than in the rest of the nation (Figure 16). Between 2001 and 2004, the number of residential building permits in the region increased by

almost 60 percent, more than double the national rate. During the same period, median (existing) home price in the region also increased by almost 60 percent, triple the national rate. Hence, the impacts from both housing construction and housing wealth (due to higher home equity) on job growth were expected to be disproportionately higher in the region than in the rest of the nation. Between 2001 and 2004, Southern California also had higher rates of population growth than the rest of the nation, which contributed to job growth in sectors such as retail trade and education.

Within the region, every county increased its total number of payroll jobs in 2004 except for Imperial (Figure 17). Job growth accelerated in the Inland Empire (Riverside and San Bernardino counties) in 2004 with an increase of 49,000 jobs (or 4.4 percent), substantially more than the 36,000 job increase (3.3 percent) during the previous period. Job growth in the Inland Empire accounted for 55 percent of the total increase in the region. The Inland Empire continued to be the leading new-job generator in the region. Job increases in the Inland Empire were concentrated in construction, retail trade, and professional and business services.

Figure 16

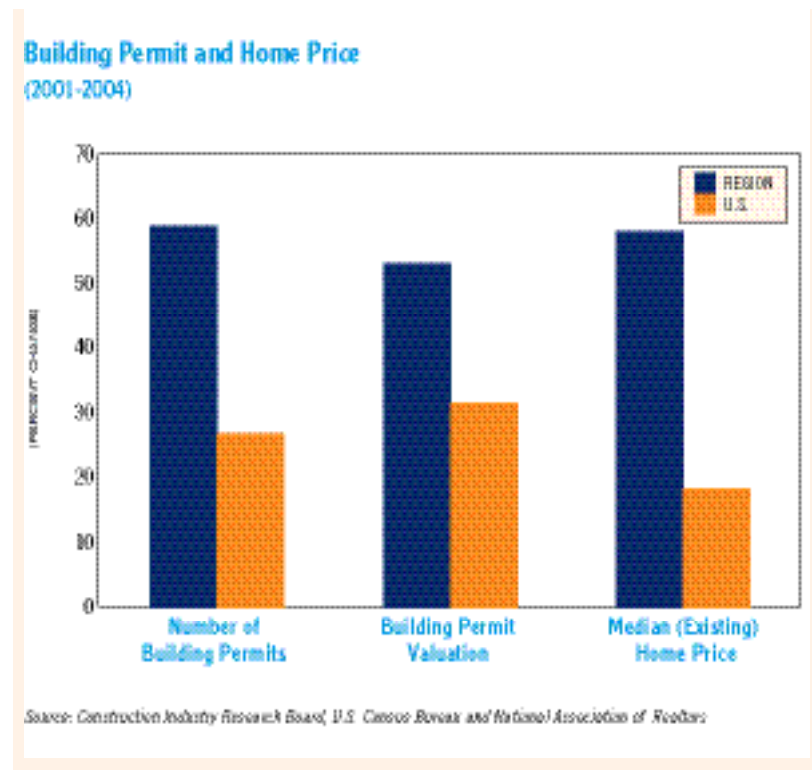
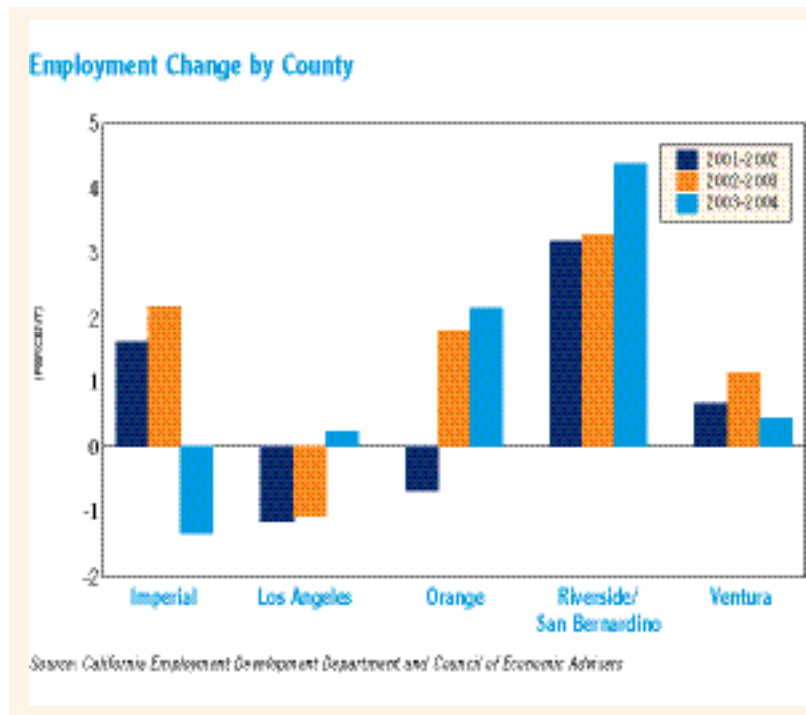


Figure 17



In Orange County, after gaining 25,000 jobs (or 1.8 percent) in 2003, total payroll jobs increased by another 31,000 (or 2.1 percent) in 2004. Financial activities continued to generate the highest number of new jobs, followed by construction, professional and business services, and leisure and hospitality sectors.

After losing 44,000 jobs (1.1 percent) in 2003, Los Angeles County gained almost 9,000 jobs (0.2 percent) in 2004, the first gains since 2001 (see Figure 14). Total jobs in Los Angeles County were just below 4 million in 2004 and were still 150,000 below the level in 1990. The information sector increased almost 6,000 jobs (2.9 percent) after losing 5,000 jobs (2.4 percent) in the previous year.

In Ventura County, total payroll jobs increased by only 1,300 (0.4 percent) in 2004. Job growth in manufacturing and retail trade more than offset the losses in public education and the government sector (excluding education). Finally, Imperial County's payroll jobs decreased by 700 (1.3 percent). Job losses took place mainly in the agricultural, government and manufacturing sectors while the leisure and hospitality and construction sectors experienced modest growth.

Employment by Sector

Why is this important?

Different economic sectors have different levels of wages as well as future growth potential in employment and income. Composition of occupations also varies among the different economic sectors. A more diversified regional economy will be less vulnerable to turbulent environments, such as recessions or disasters.

*How are we doing?*³

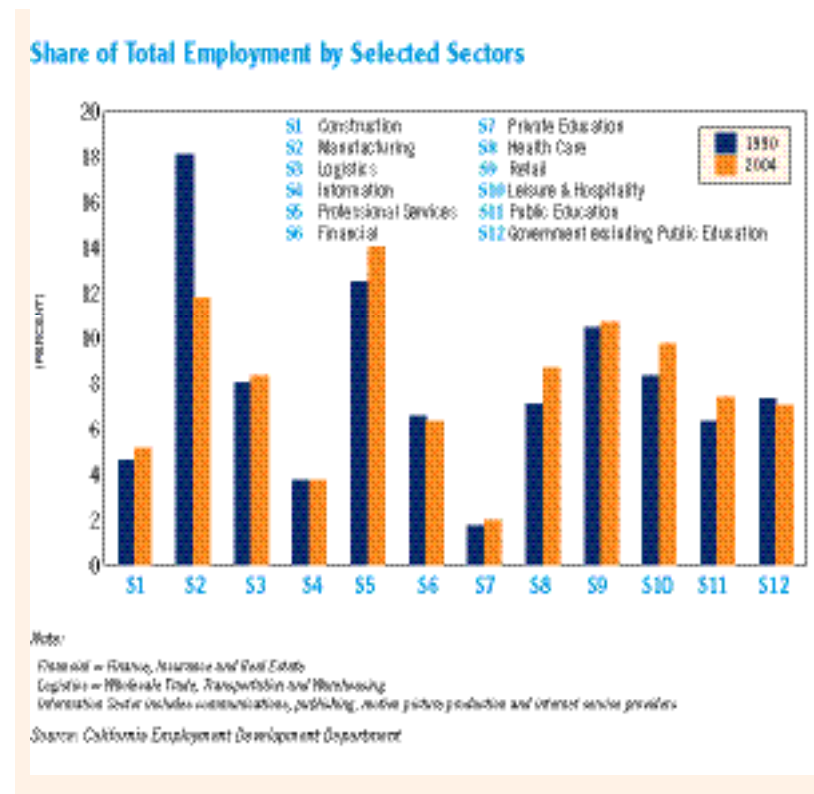
Between 1990 and 2004, total payroll jobs in the region increased from about 6.4 million to 7 million. In 2004, professional services was the largest sector with close to 1 million jobs. It also increased its job share in the region from 12.6 percent in 1990 to more than 14 percent in 2004 (Figure 18). In contrast, the share of manufacturing jobs in the region decreased significantly from 18 percent to just below 12 percent during the same period. Other sectors that experienced noticeable increases in their job shares included health care, leisure and hospitality and public education.



The logistics sector includes wholesale trade, transportation and warehousing that have particularly strong ties to the region's foreign trade activities. Transportation and warehousing includes truck, rail and air transportation, couriers and messengers, support services for transportation, and warehousing and storage. In 2004, the logistics sector provided about 585,000 jobs, almost one in twelve jobs in the region. Among the total logistics jobs in the state, more than 54 percent were in Southern California. Due to the projected significant increase in foreign trade, total jobs in the logistics sector in the region are estimated to increase another 120,000 over the next 10 years.⁴

In 2004, nine of the region's twelve major economic sectors experienced job increases (Figure 19). Only three sectors suffered job losses:

Figure 18

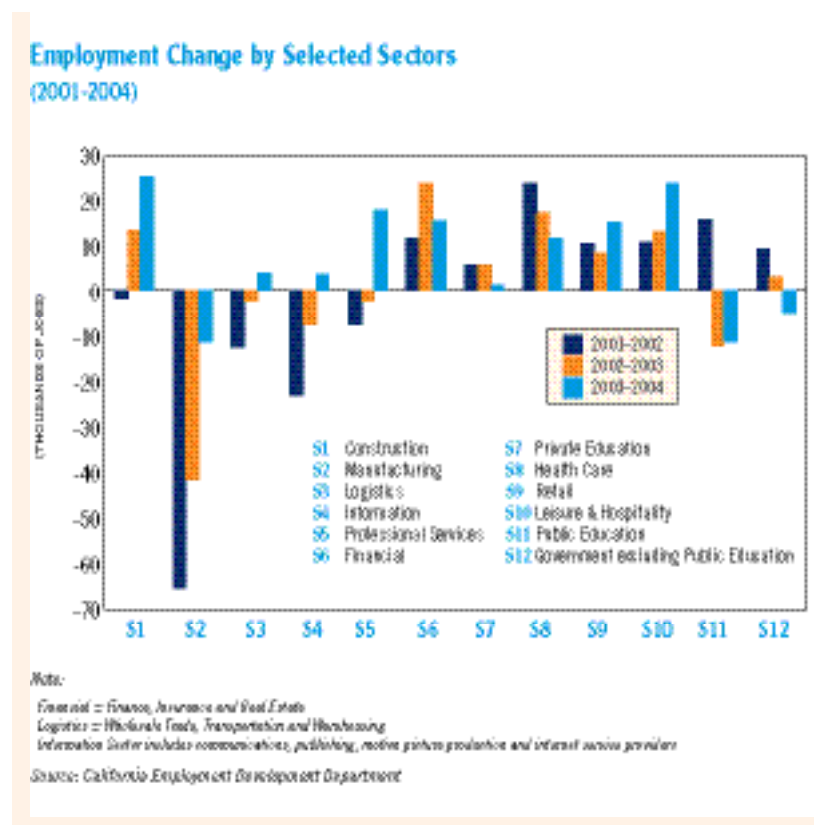


manufacturing, public education, and government (excluding public education).

The 40-year low interest rates and significant population growth continued to spur demand for new home construction and remodeling throughout 2004. This has contributed to increased jobs not only in construction but also in several housing-related sectors within financial activities, manufacturing and retail trade.

Among the sectors with job increases, construction was the leading job generator. Due to the continuing boom in residential construction and the recovery in nonresidential construction, the construction

Figure 19



sector increased more than 25,000 jobs (7.5 percent) in 2004. Close to half of the increase took place in the Inland Empire.

The recovery of the travel and tourism industry also contributed to the increase of almost 24,000 jobs in the leisure and hospitality sector. Between 2003 and 2004, international air passenger traffic increased from 14.7 million to 16.6 million, a 13-percent increase, after a slight decline of 1.3 percent during the previous period. Overnight visitors to Los Angeles County also increased from 23.3 million in 2003 to 24.2 million in 2004 matching the highest level in 2000.

Retail trade and health care sectors are primarily population-serving sectors. With an increase of more than 1.2 million residents since 2000, both sectors have been growing steadily throughout the recession and recovery. Specifically, during 2004, the retail trade sector increased more than 15,000 jobs (2.1 percent). The health care sector also added another 12,000 jobs (1.9 percent) with almost 70 percent in ambulatory health care services.

After two consecutive years of losses, three sectors rebounded to produce job gains in 2004, including professional and business services, information and logistics. The professional and business services sector increased almost 18,000 jobs in 2004 after two consecutive years of combined losses of 10,000. Among the job increases, almost 80 percent (14,000) came from employment services. In addition, the logistics (including wholesale trade, transportation and warehousing) and information sectors both recovered from the job losses in earlier years.

Due to budget shortfalls, the public education sector suffered the highest job losses (more than 11,000) in 2004. Among all sectors with job losses in 2003 (e.g. manufacturing, information or professional services sectors), public education was the only one that did not experience noticeable improvements. In 2004, one in fourteen jobs in the region belonged to public education. It should be noted that with more than 510,000 jobs in 2004, the public education sector was slightly bigger than the government sector (excluding public education).

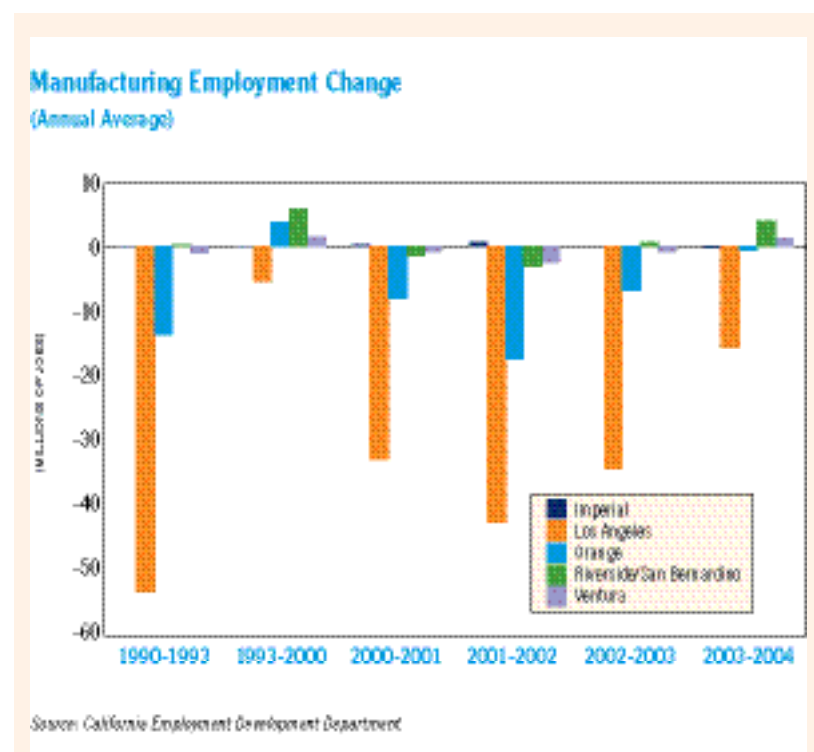
Manufacturing Sector

Since 1990, the region has lost almost 330,000 manufacturing jobs, most of them (280,000) in durable manufacturing. Within durable manufacturing, the transportation equipment subsector lost about

110,000 jobs while the computer and electrical equipment subsector lost another 100,000 jobs.

Between 1990 and 1993, the manufacturing sector in Southern California lost an average of 56,000 jobs per year (Figure 20). *After some recovery from 1994 to 1998, it began to decline again.* In 2004, the region lost 11,000 (1.4 percent) manufacturing jobs, much less than the 42,000 loss (4.8 percent) in 2003. *Manufacturing job losses in the region concentrated almost exclusively in Los Angeles County while the Inland Empire achieved an increase of almost 4,000 jobs (3.4 percent).* It should be noted that in 2004, the region was the largest manufacturing center in the nation.

Figure 20



Unemployment

Why is this important?

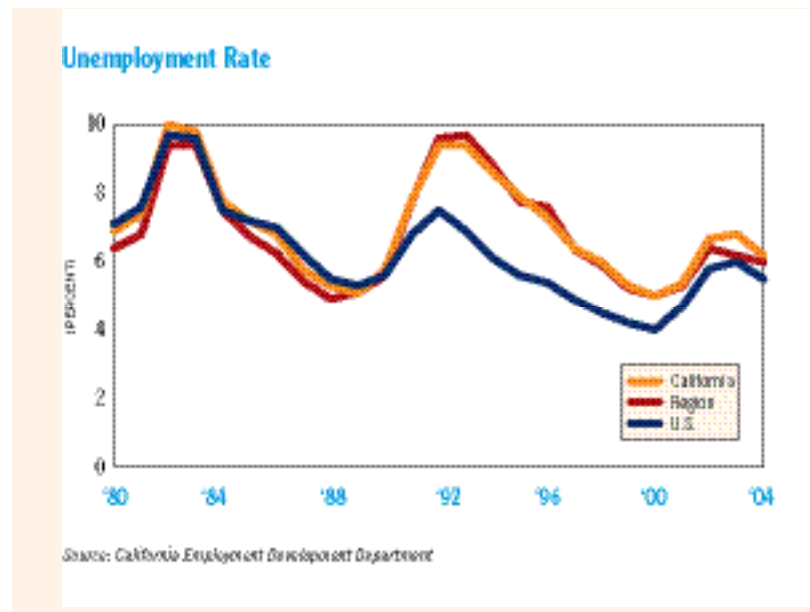
Unemployment significantly impacts the economic and social well-being of individuals and families. Groups with higher unemployment rates will naturally have higher poverty rates. Places with higher unemployment rates require higher levels of public assistance.

How are we doing?

In 2004, the region's labor force consisted of 8.53 million people, with approximately 8 million employed. The number of unemployed workers reached more than 510,000, an increase from about 400,000 just four years ago. Accordingly, the unemployment rate in the region was 6 percent in 2004, a slight decline of 0.2 percent from the previous year (Figure 21).

Unemployment rates dropped more significantly at the state and national levels. Between 2003 and 2004, the unemployment rate in California dropped from 6.8 percent to 6.2 percent while it declined from 6 percent to 5.5 percent in the nation. In 2004, the region's unemployment rate continued to be higher than the national average but slightly lower than the state average.

Figure 21



In 2004, the unemployment rate declined by about 0.5 percent in every county in the region except for Imperial County (Figures 22 and 23). Imperial County has historically experienced much higher unemployment rates than the rest of the SCAG region. Los Angeles County had the second highest unemployment rate (6.6 percent) in the region, followed by Riverside County (5.8 percent). At 4.3 percent, Orange County had the lowest unemployment rate in the region and one of the lowest in the nation.

Figure 22

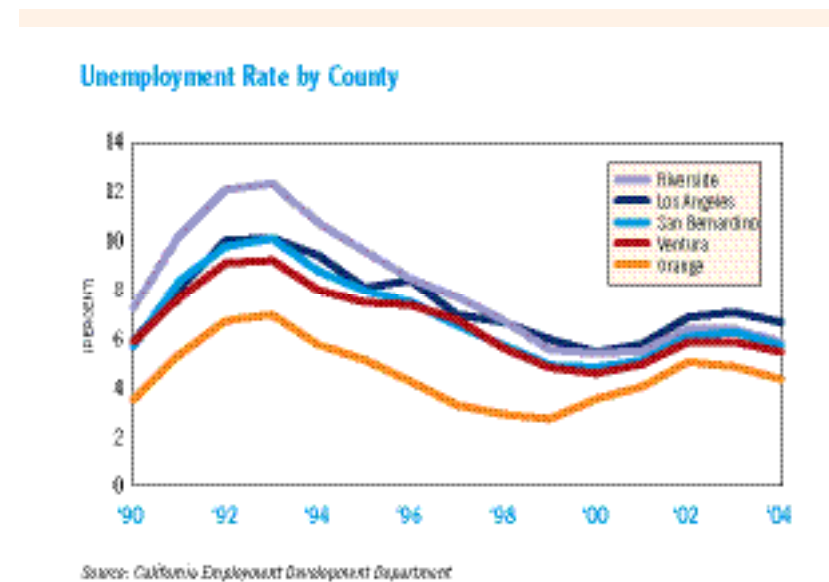
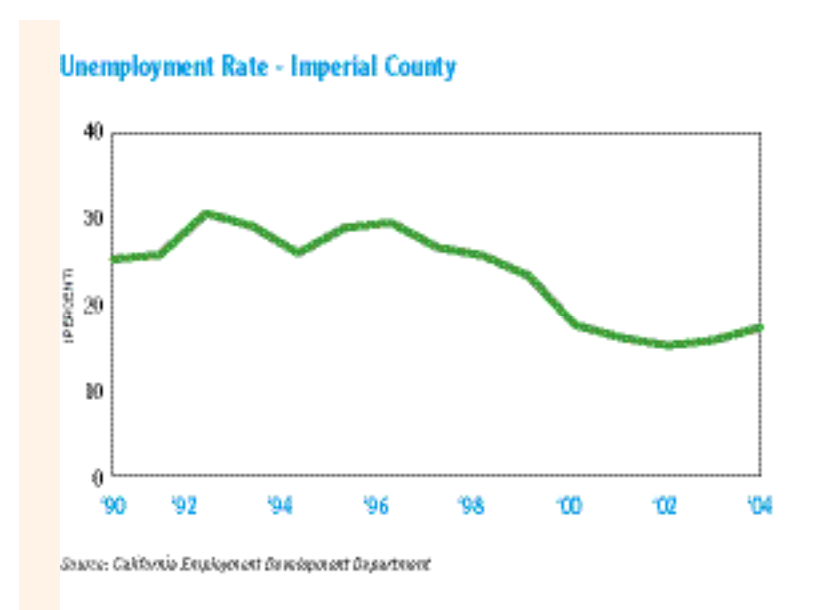


Figure 23



Income

Average Payroll per Job

Why is this important?

The average payroll per job provides an indication of the overall quality of jobs available in the region. Higher average payroll per job contributes to higher per capita income.

How are we doing?

In 2004, based on preliminary data, the average payroll per job in the region was \$43,190, an increase of 1.2 percent from 2003 after adjusting for inflation.⁵ The information sector continued to have the highest average payroll per job (\$73,180) followed by financial activities (\$68,250). Leisure and hospitality had the lowest average payroll per job (\$24,000) followed by retail trade (\$28,410).

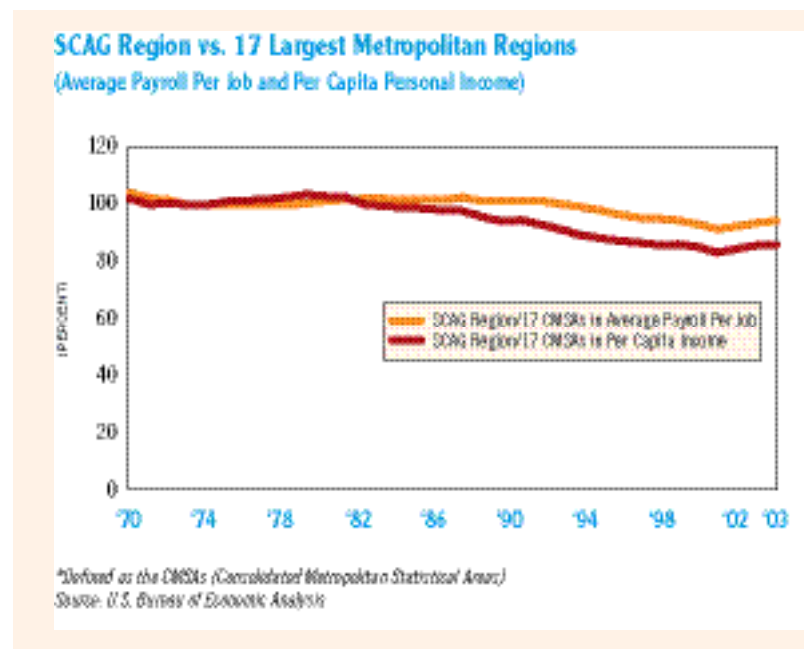
In 2003, the average payroll per job in the region increased slightly by 0.9 percent from the previous year after adjusting for inflation, following the decline of 0.8 percent in 2002. The rate of increase in the SCAG region was slightly higher than that of the average of the 17 largest metropolitan regions.

Between 2002 and 2003, six of the nine largest metropolitan regions achieved increases in their average payrolls per job in contrast to the previous period only one region experienced gains (see Figure 74). Among the three largest metropolitan regions that experienced declines in their average payrolls per job from 2002 to 2003, the losses were less severe than in the previous period. For example, both the New York and Boston regions suffered significant losses of about 3

percent in their average payroll per job from 2001 to 2002. However, from 2002 to 2003, both regions experienced only minor losses of 0.6 percent.

Prior to 1992, the SCAG region maintained an average payroll per job at or above the average of the 17 largest metropolitan regions (Figure 24). Between 1992 and 2000, it declined relative to the average of the 17 largest metropolitan regions from just below 100 percent to 91 percent. Since 2000, several of the largest metropolitan regions, including San Francisco Bay Area, New York and Boston, experienced much larger losses in average payrolls per job than the SCAG region. Hence, from 2000 to 2003, average payroll per job in the SCAG region relative to the average of the 17 largest metropolitan regions increased from about 91 percent to 94 percent.

Figure 24



In 2003, the SCAG region ranked last in average payroll per job at about \$40,800 among the nine largest metropolitan regions (see Figure 75). The San Francisco Bay Area, after the 5 percent decline from 2001 to 2002, managed to achieve a slight increase (0.8 percent) in 2003 and continued to have the highest average payroll per job at approximately \$53,000, followed by the New York Region at about \$51,000.

Real Personal Income Per Capita

Why is this important?

Real personal income per capita (with inflation adjustment) is one of the most important indicators of economic well-being. An increase in real per capita income is generally associated with improving social and economic indicators such as reduced poverty and an increase in educational attainment. A higher income level not only provides more resources for current consumption but also enhances future opportunities. An area's income level also provides an indication of its ability to provide services to its population.

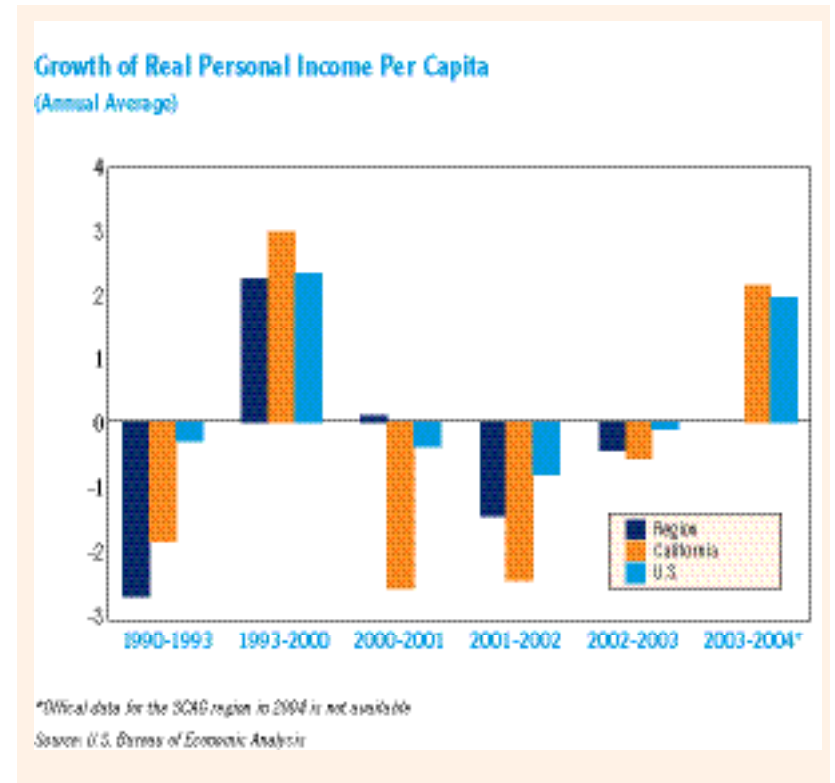
How are we doing?

In 2004, due to the economic recovery, real personal income per capita for the nation as well as the state achieved significant improvements (about 2 percent) parallel with the improvements in the job market (Figure 25). Specifically, real per capita income in the nation grew 1.9 percent, the first increase since 2000. Per capita income growth accelerated in all states except South Dakota, Nebraska and Michigan.

Official data for real personal income per capita for the region in 2004 will not be released until May 2006. Since 1992, per capita income in the region has been tracking closely that of the nation (Figure

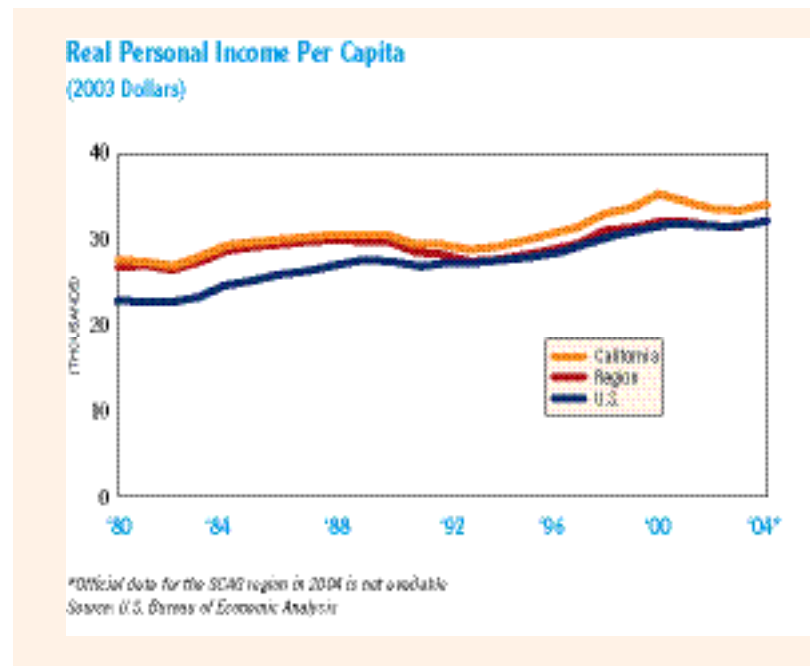
26). In addition, between 2001 and 2003, the region performed somewhere between the nation and the state with respect to per capita income. Consequently, per capita income in the region was estimated to achieve a similar level of growth (about 2 percent) in 2004 as in the nation and the state. This would also represent the first gain since 2000.

Figure 25



In 2003 (the most current official data available at the regional level), the region's real personal income per capita of \$31,477 was a 0.4 percent decline from the 2002 level (Figure 25). This decline was much smaller than the 1.5 percent loss during the previous period. However, it was

Figure 26



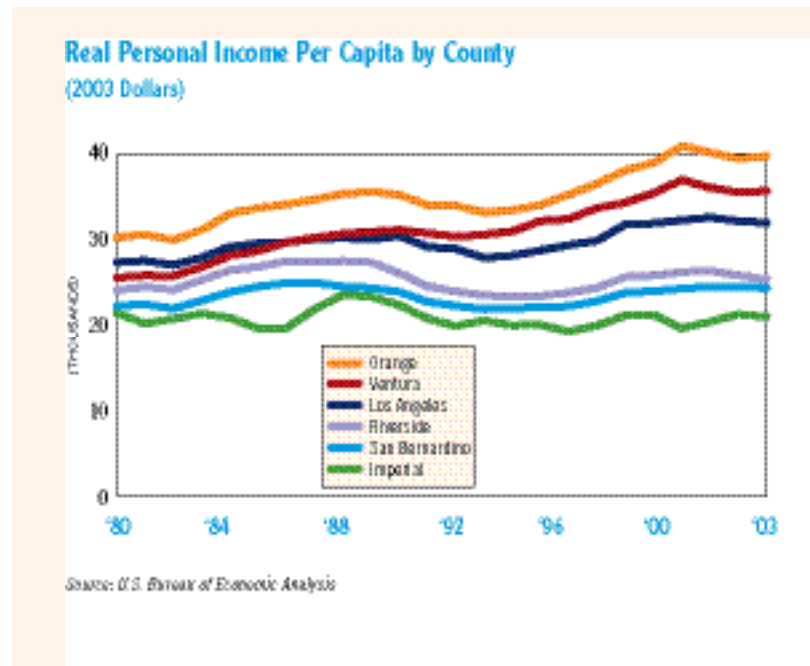
also the second consecutive year that the region suffered an absolute decline in real per capita income since 2000. The decline of the real per capita income in the region in 2003 was slightly higher than the 0.1 percent loss in the nation. Nevertheless, the region performed a little better than the average of the nine major metropolitan regions in the nation (-0.6%) and the state average (-0.6%) (see Figure 76).

Among the nine largest metropolitan regions in the nation, only two (Detroit and Philadelphia) achieved increases in their per capita incomes between 2002 and 2003.⁶ Both regions were also the top performers with respect to the improvement of average payroll per job.

Among the 17 largest metropolitan regions in the nation, the SCAG region ranked last in terms of per capita income in 2003 and is expected to remain there in 2004. Over the past three decades, the SCAG region's per capita income ranking dropped from the 4th highest in 1970 to 7th highest in 1990, and 16th place in 2000. *Since 1982, the SCAG region's per capita personal income has been below the average of the 17 largest metropolitan regions, and the gap had increased until 2000. In 2003, per capita personal income in the SCAG region was 85 percent of the average of the 17 largest metropolitan regions, a slight improvement from the previous year (see Figure 77).*

Within the region, real personal income per capita in 2003 dropped slightly in Los Angeles, Riverside and Imperial counties while increasing slightly in Orange and Ventura counties (Figure 27). Per capita income in San Bernardino County remained almost unchanged in 2003 from 2002. In 2003, the real per capita incomes in Imperial and Riverside counties were lower than their respective 1990 levels. Orange County continued to have the highest per capita personal income while Imperial County had the lowest.

Figure 27



Total Personal Income

The SCAG region performed at a better level in its growth of total personal income than the per capita personal income. Specifically, real total personal income in Southern California grew by 3 percent between 2000 and 2003, following only the Washington D.C (5.3 percent) and Philadelphia (3.2 percent) regions. Among the nine largest metropolitan regions in the nation, the other six experienced declines or no growth during the three-year period. The San Francisco Bay Area suffered the worse performance with a sharp decrease of almost 13 percent in its real personal income while New York and Boston also experienced declines between 4 and 5 percent. Because the SCAG region had one of the highest population growth

rates among large metropolitan regions, it would rank lower when comparing based on per capita instead of total personal income.

Household Income

Real median household incomes (after adjusting for inflation) in the nation and the state remained essentially unchanged in 2004 from 2003 while improving in Southern California.⁷ Household income includes income from all sources for all members of the household. Nationally, real median household income at about \$44,684 in 2004 was almost the same as in 2003, following the 1 percent decline between 2002 and 2003. In California, real median household income in 2004 remained the same as in 2003 at \$51,185, after dropping 2 percent during the previous period.

Between 2003 and 2004 based on national data, real median household income did not change for all major racial/ethnic groups including non-Hispanic White, Hispanic, African American or Asian households. In addition, real median household income remained unchanged for native as well as foreign-born households. In 2004, native households had a median income of \$45,319 which was higher than the incomes of foreign-born households (\$39,421) and households maintained by a foreign-born householder who was not a U.S. citizen.⁸ Within the nation, households in the Northeast (\$47,794) and the West (\$47,680) had the highest median incomes followed by those in the Midwest (\$44,657). Households in the South had the lowest median income (\$40,773).⁹

Within the region, real median household income declined between 1990 and 2000, which was contrary to the national trend.¹⁰ Recent Census surveys indicated that the region experienced no growth

in median household income between 2000 and 2003. *In 2004, real median household income in the region increased 2.6 percent from 2003 and reached \$50,106*, the first gain since 2000. Within the region, Orange County experienced the most improvement with a 5-percent increase to reach \$64,416. In 2004, while median household income in the San Francisco Bay Area declined by 4.5 percent from 2003 level to \$64,611, it still continued to be the highest among the 17 largest metropolitan regions.

Income Inequality

One way to measure income inequality is through the household income ratios among households at different percentiles. For example, the income level for the 90th percentile indicates how the highest income class fared in a given year while the 10th percentile indicates the lowest income class. The 90th percentile is the level of income for a given area that 90 percent of households are beneath. The 10th percentile is the level of income that 10 percent of households are beneath. At the national level, income inequality has been increasing steadily since 1969.¹¹ Between 1979 and 1999, the SCAG region generally had a slightly higher income inequality than the nation when comparing household income ratios.¹² In 2004, income inequality at the national level remained almost the same as in 2003.¹³ In 2004, the very rich households (90th percentile) had an income about 11 times that of the income for the very poor households (10th percentile).

Poverty

Why is this important?

The poverty rate measures the proportion of a population that has an income below the poverty line and therefore lacks the economic resources needed to support a minimum acceptable standard of living. The poverty line is adjusted for family size. Poverty not only results in current economic hardship, but also limits an individual's and family's future development opportunities. A higher poverty rate is both a cause, as well as an outcome, of lower educational attainment and higher unemployment rates. The extent of poverty also reflects the need for various kinds of public assistance.

Poverty among children is of particular concern. Poverty in childhood is associated with a higher risk for dropping out of school, poor health, teenage pregnancy and a long-term economic disadvantage as adults.

How are we doing?

In 2004, a family of four (including two children) earning less than \$19,157 a year was classified as living in poverty, compared with \$15,205 for a family of three; \$12,649 for a family of two; and \$9,827 for unrelated individuals.¹⁴ Between 2003 and 2004, poverty rate for all people increased slightly in the nation while it remained unchanged in California. Nationally, the poverty rate increased from 12.7 percent in 2003 to 13.1 percent in 2004 for all persons. The poverty rate has been climbing since 2000, when it hit a 26-year low of 12.2 percent. The poverty rate for children also increased from 17.7 percent in 2003 to 18.4 percent in 2004. In California, the poverty rate for all people remained unchanged at 13.3 percent between 2003 and 2004.

In the SCAG region, 14.3 percent of residents lived in poverty in 2004, continuing to be higher than in the state (13.3 percent) and the nation (13.1 percent).¹⁵ In addition, about 20 percent of children under 18 were below the poverty line in 2004. The poverty rates for all people and children under 18 in the region have remained unchanged since 2000. The poverty rate was highest for female-headed households (28 percent), and lowest for persons aged 65 and over (8 percent). In 2004, the region continued to have the highest poverty rate among the nine largest metropolitan regions in the nation.

Taxable Sales

Why is this important?

Taxable sales provide important revenue sources for state and local governments and special districts. While employment and income are measures on the production side, taxable sales measures the level of consumption activities. Taxable sales tend to follow closely with trends in personal income, job market and consumer confidence.

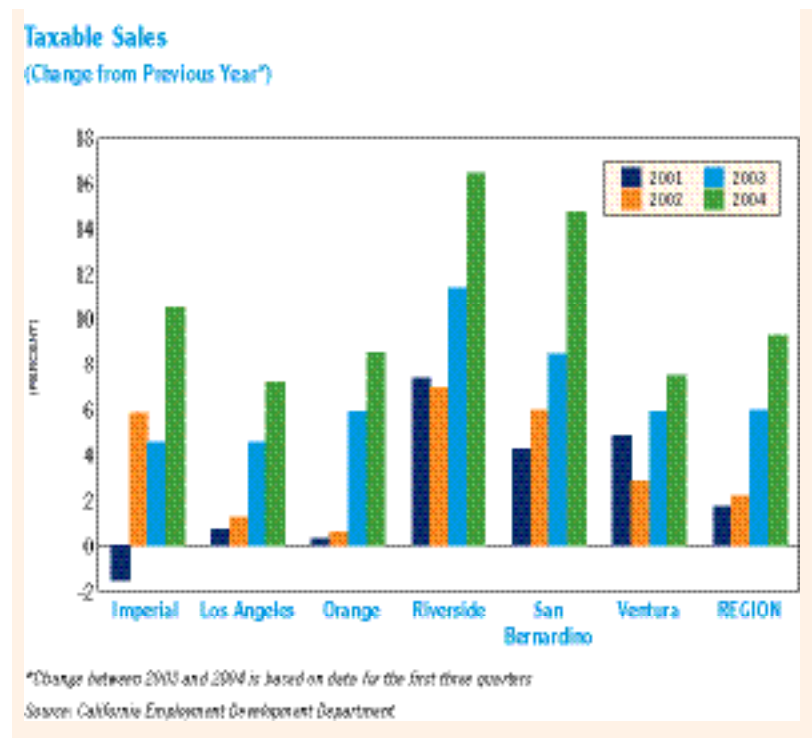
How are we doing?¹⁶

In 2004, total taxable sales in the region was estimated to increase by more than 9 percent from 2003, a significant improvement from the 6-percent growth between 2002 and 2003 (Figure 28).¹⁶ Between 2003 and 2004, every county in the region achieved the highest rate of growth in taxable sales since 2000. From 2000 to 2002, total taxable sales in the region increased by only 2 percent per year. The wealth effects due to significant increases in home equity, particularly during



2003 and 2004, contributed to the accelerated growth in taxable sales. Within the region, Riverside (16.4 percent) and San Bernardino (14.7 percent) counties continue to have the highest rates of growth in taxable sales.

Figure 28



International Trade

Why is this important?

International trade includes export and import activities that create job opportunities and bring income into the region. Though exporting goods produced in Southern California generates higher net economic benefits for the region, imports can create economic benefits too. The region's role as a major transshipment center linking domestic and global markets is also of national and international significance.

How are we doing?

Between 2003 and 2004, total trade through the Los Angeles Customs District (LACD) increased from \$291 billion to \$323 billion (or 11 percent), a new record level. This was an improved performance from a 9-percent increase during the previous period (Figure 29). Among the \$32 billion increase, \$29 billion was through imports, and another \$3 billion through exports.

Among the \$323 billion in trade passing through the LACD, imports accounted for 78 percent, exports 22 percent. In 2004, among the \$71 billion exports out of the LACD, almost half were by air with the other half by sea. Exports by air are generally smaller and higher value goods. On the other hand, among the \$252 billion imports into the LACD, 86 percent were by sea with the other 14 percent by air.

Figure 29

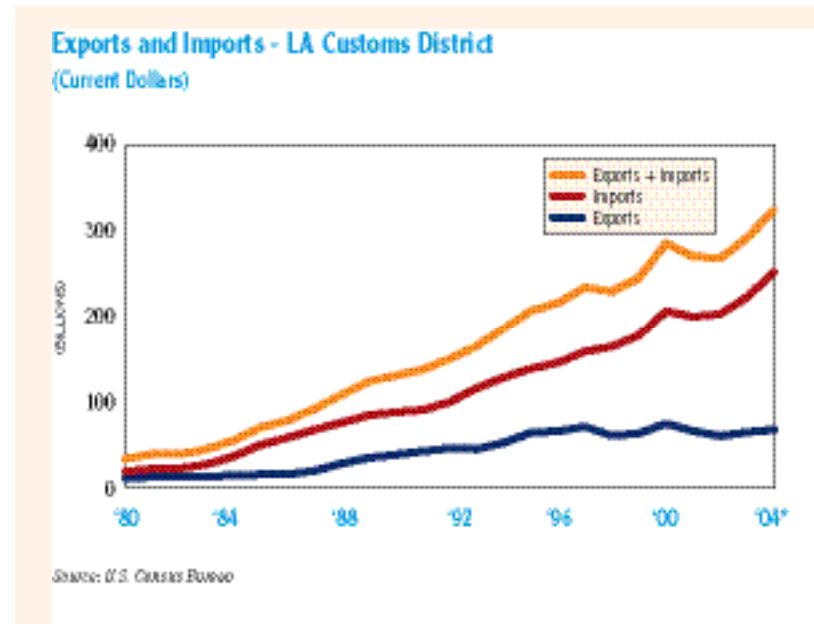
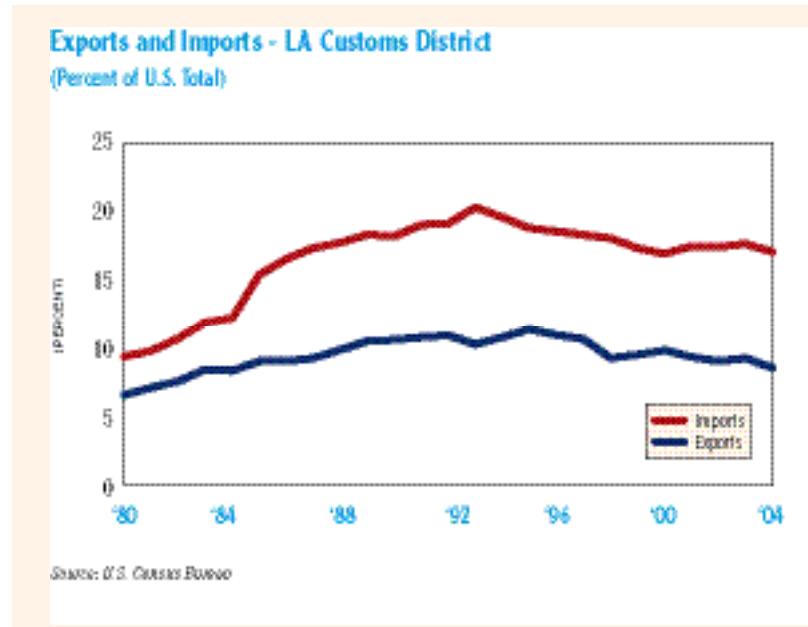


Figure 30



The region's prominence in international trade has been fostered through its large domestic market, global ties through its growing Asian and Hispanic communities, strategic location, and excellent trade infrastructure serving the rest of the nation. Total trade through the LACD increased from less than \$40 billion in 1980 to \$323 billion in 2004, an eight-fold increase (Figure 29). The region's direct employment in international trade also increased from about 175,000 in 1980 to 405,000 in 2004, which represents an increase of 45,000 jobs from 2003.¹⁷ Trade jobs are found in a variety of activities, including vessel operation, cargo handling, surface transportation (truck and rail), trade finance, freight forwarding, custom brokerage, insurance, etc. Between 1980 and 2004, the share of the LACD's trade value of the U.S. total grew from about 8 percent to over 14 percent.

The shares of the LACD's export of the U.S. total have ranged between 9 and 10 percent for the past five years while shares of imports have been between 17 and 18 percent (Figure 30). The share of LACD's trade of the U.S. total has remained around 14.5 percent since 1998.

In 2004, the LACD retained the number one ranking in the U.S. in terms of total trade value, followed by the New York Customs District with \$245 billion total trade value. Detroit remained the nation's number three customs district with \$206 billion of its two-way trade value.

Asian countries dominated both imports (86 percent) as well as exports (72 percent).¹⁸ *In 2004, China continued to be Southern California's leading trade partner, surpassing Japan in 2002.* Total trade value with China through LACD reached over \$86 billion in 2004 with a 25 percent increase from 2003, almost double the corresponding value with Japan of \$44 billion in second place. Other major trade partners included South Korea, Taiwan and Malaysia.